Appendix VII.

***Vide* Answer to Question No. 136.**

Statement showing the number of applicants for admission to the Colleges and the number admitted.

Name of College.	Junior Intermediate.		Junior B. A.	
	(a) Number of applicants.	(b) Number admitted.	(a) Number of applicants.	(b) Number admitted.
College of Arts .	122	100	142	104
College of Science .	316	256	298	237
College for Women .	110	102	8	7

Legislative Business.

THE TRIVANDRUM CITY MUNICIPAL BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I beg to move that Mr. G. Narayanan Tampi be added to the Select Committee appointed to consider the Trivandrum City Municipal Bill. Mr. Venkitakrishna Aiyah was the President of the Municipal Council and he was co-opted as a member of this House and was also a member of the Select Committee. But he has now gone to another place. Mr. Narayanan Tampi is the President now and I therefore move that his name be added to the Select Committee.

MR. C. V. CHANDRASEKHARAN (*Ag. Director of Public Instruction*): I second it.

The motion was carried.

THE TRAVANCORE INCOME TAX REGULATION (AMENDMENT) BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I rise to introduce a Bill further to amend the Travancore Income Tax Regulation, VIII of 1096, as amended by Regulation, V of 1100, and beg to move that the Bill be read in the Assembly.

MR. C. V. CHANDRASEKHARAN (*Ag. Director of Public Instruction*): I second it.

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MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, this Bill proposes various amendments to the Income Tax Regulation as it now stands.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): I rise to a point of order. This Bill, although it has been published and circulated, is supposed to contain certain important schedules. One of the schedules has not been printed in the copy made available to us. We are handicapped by that.

PRESIDENT: The Secretary says that the Bill has been circulated properly. I shall give you my copy if your copy of the Bill does not contain all the schedules.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): This Bill proposes various detailed amendments to the different Sections of the Income Tax Regulation as it now stands. It is scarcely necessary for me to explain all these amendments. They are all detailed in the notes on Clauses attached to the Bill. However, there are one or two points which I may specifically refer to for the information of the House.

The most important of the proposals in the Bill is to impose a super-tax on incomes above a certain level. That is contained in schedule III. It contains the rates of super-tax and also the taxable limits. It will be noticed that generally speaking super-tax is proposed to be imposed on incomes above Rs. 50,000. Super-tax is an additional income tax levied over and above the ordinary income tax levied under the other provisions of the Regulation. It is levied on corporations, Hindu undivided families and individuals. The minimum rate of super-tax proposed is 1 ch. in the rupee and the maximum is chs. 6 cash 4 in the rupee. The various gradations in the rate are mentioned in the schedule which may be perused.

Another important change proposed is the increase in the rate of income tax in regard to the higher income. In regard to incomes above Rs. 15,000 an increase is made in the rate of income tax. Formerly, the rate was Chs. 2 in the rupee and now it is Chs. 2 cash 12. The general principle observed in this matter is to enhance the tax on higher incomes and to levy an additional tax or super-tax on still higher incomes.

On more than one occasion, the honourable members of the Legislature have suggested that income tax should be levied with greater effect and the rate of income tax should be increased in the case of those who get higher incomes. When this Bill was prepared the suggestions of the mem bers were borne in mind.

Another important change that is propcsed is in regard to the definition of "agricultiural income". It is known to the House that agricultural income s free from income tax. That is based on the principle that the land out of which agricultural income is raised is already paying a tax to Government. But there are lands that do not pay any tax to Government. In regard to such lands, agricultural

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income derived therefrom should rightly be subject to income tax. The definition of agricultural income is such that income arising out of land whether subject to land-tax or not is agricultural income. This definition is sought to be restricted. If the land does not pay any tax, then income from such a land should not come in the category of agricultural income.

MR. S. J. NAIR (*Nedumangad*) : Will the honourable member mention the case of lands that do not pay tax to Government ?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : The Edavagai lands, for example.

MR. S. J. NAIR (*Nedumangad*) I beg to offer a few remarks in this connection. No doubt, land-tax is being levied on lands. It is a very antiquated system. In many of the civilized countries the system of payment of land-tax does not exist. Other taxes have taken the place of land-tax.

PRESIDENT : The honourable member may perhaps specify such a civilized country ?

MR. S. J. NAIR (*Nedumangad*) : Germany is one instance of a civilized country. Even in Ceylon no land-tax is levied on cocoanut gardens. In ancient days there was no sort of income for the State to maintain its chief or leader or ruler and his retinue, except this land-tax. As a result of the advancement in civilisation, the State has begun to secure other sources of income such as customs duty, income tax and such other things. In recent times as a result of big fall in the price of agricultural products, the agriculturist class are not able to pay land-tax. It will be better in the interests of the agricultural policy as well as development of agriculture that land-tax is abolished and in its place income tax is simplified and levied as a result of the income derived from lands. The necessary provision may be made in the Bill. In doing so the burden of tax would fall easily and equitably on all ; the taxation would be imperceptible, and no one would unnecessarily be burdened with heavy taxation. The absolutely poor and the *bona fide* incapable person would not be compelled to unjustly shoulder the responsibility of paying tax. Whereas tax could be levied upon all those who have got income, whether agricultural or otherwise, the State would in no way suffer in the matter of getting revenue.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*) : The Law Member has now brought before the House a Bill, the necessity for which was felt from a long time past by all honourable members of this House. In regard to Clause 2 we had occasion to comment on the necessity for the provision when the Edavagai and the Jenmi and Kudiyan Regulations were under discussion. For a very long time the Edavagais were enjoying immunities of various kinds. Government were compelled to incure expenditure on the administration of justice, for preservation of law and order in those territories, even though they were not contributing anything for these purposes. Whereas, the poor land-owner has been paying for these things even more than what he could pay. It is highly gratifying to note that the Government have now recognised this fact.

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[Mr. Puthupalli S. Krishna Pillai.]

The other point to which I should refer is about the provision to impose a super-tax on individuals and corporations deriving an income of over Rs. 50,000 a year. It is several years since such a provision was incorporated in the Income Tax Act in British India and properly worked out. It does not stand to reason why individuals who amass large incomes be exempted from contributing a fair percentage of their large income by way of additional tax to enable the Government to carry on the administration more efficiently and properly. We have been clamouring for a reduction of land-tax every year consequent on the failure of crops and fall in the price of agricultural products. We have several times brought to the notice of Government these factors as an occasion for reduction of land-tax. The Government have been from time to time making reductions and meeting expenditure from other revenues. Persons who get large income should make contributions on behalf of less fortunate people for the successful carrying on of the administration of the State. This system has been in vogue in British India from a very long time and has been a success. Even though there were certain objections from capitalists these objections have now died out. So far as Travancore is concerned that provision yet remains to be considered. I find, on a comparison of schedule III printed in the Bill with the provision in the British Indian Act, that a large concession has been made in Travancore in regard to super-tax. I am not in a position to understand why in the case of imposition of a super-tax any Government should show such indulgence towards big capitalists and concerns that amass large fortunes.

PRESIDENT: Just to enable persons in Travancore to be on better terms than in British India.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Anyway, I am unable to understand it. Why should the Government make a difference between the person who gets an income of Rs. fifty thousand per year here and a like person in British India? A person who gets an income of Rs. 3,000 a year in Travancore will be the lord amongst the 50 lakhs of our people. He will be a bigger person than the British Indian Mittadar with 30,000 a year. I am against giving any sort of concessions to persons who have enormous wealth. I am unable to understand the logic of giving a concession to Travancore capitalists.

A comparative study of the schedules discloses the difference that where as the British Indian capitalist pays 1 anna, our Travancore friend pays only 1 ch. This becomes more marked when we come to the last item. The difference is between 6 as. and 6 chs.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Does the member know that these rates will not be practically applied in our State? In our State such individuals and companies are practically nil.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Whatever it is, when there is a possibility in Travancore I do not see why the rates followed in British India should not be applied here. Who knows the potential capacity of any member in this House or of any business-man

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in this country? The position taken up by the Land Revenue Commissioner is not entirely correct, for the same difference is maintained even in the case of corporations. In regard to the rates, suppose a bank with its registered office in British India carries on banking through its branch established in this State. We shall be collecting tax at the rate of 1 ch. only and for a similar amount tax at the rate of 1 anna will be paid by its head office in British India. The saving made in our State will go to swell the dividend of the shareholders. The British Indian shareholders are benefited at the expense of the State.

Therefore, I submit that the provision contained in regard to this matter should be brought into line with the provision contained in British India. In regard to super-tax no distinction can be made. In regard to the others there is every justification for making a distinction. Of course in the new schedule, items 4 to 10, some variations have been made. Perhaps it may be that it may not affect a large class of people because ordinarily the tax payer, the average man, does not pay income tax on more than Rs. 15,000. But to the other class of people, probably, it may work some hardship. But their number will be small. The other alterations that I find in the Bill are not very material. They are only changes which have become necessary as a result of the High Court decisions or as a result of the difficulties experienced in the working of the existing provisions. They are not very material. The only material alteration in the Bill is with regard to Section 19 A A (1). That provision does not empower levying of income tax on any person who has been making an income in the State during the past financial year also. When I read this provision I was struck with the paucity of a provision empowering the Income Tax Collectors to levy income tax on persons who come to Travancore, start some business and make profit during two or three months and then leave the State. I am referring to the cenematograph companies. I do not think Clause 19 A A is applicable to them. That aspect of the matter must be borne in mind. I remember a few instances in which this was conspicuously felt. At Quilon some cenematograph companies, who started business and made a lot of money during the course of some 3 months, left the town without any warning. Neither the Municipality nor the Income Tax Collector could get any amount from them out of the huge profits that they made within those two or three months. I would like the Income Tax Collectors to be armed with more effective powers to deal with such cases. Most of the alterations made in the Bill are verbal. I would only earnestly submit that this Bill be passed into law as soon as possible because the absence of these provisions has caused loss to the State in various respects. With these words I support the principle of the Bill.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): Sir, I also rise to support the main principle of the Bill.

PRESIDENT: Has the honourable member got a correct copy of the Bill?

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): Yes, Sir. Just now, I have got a copy.

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[Mr. S. Chattanatha Karayalar.]

The object of the Amendment Bill before the House is to bring the law of income tax in Travancore substantially into line with the law in British India. The main changes proposed in the Bill are to enhance the rate of tax on incomes of Rs. 15,000 and above and also to impose super-tax on incomes above Rs. 50,000. No objection can be taken to the principle of the Bill.

In regard to the super-tax, I would like to make one suggestion. In British India there is provision made in the Act for giving relief to the assessees in respect of marginal incomes. Although there is no specific provision in the Act itself, the Governor-General-in-Council is empowered under Section 60 of the Act to give relief in such cases and he does give relief in this direction in exercise of the power vested in him. I would, therefore, suggest that a similar provision be made in this Bill for affording relief in the case of marginal incomes. Coming now to the several Clauses of the Bill, Clause 2 of the Bill says :—

> "Income, profits and gains accruing or arising without Travancore to a person resident in Travancore shall, if they are received in or brought into Travancore, be deemed to have accrued or arisen in Travancore and to be income, profits and gains of the year in which they are so received or brought, notwithstanding the fact that they did not so accrue or arise in that year."

There is a corresponding provision in the British Indian Act also to which there are two provisos. While the Law Member has incorporated the first proviso in the Bill, he has omitted the second proviso. I think he has deliberately omitted the second proviso. I shall read out the second proviso in the British Indian Act. It runs thus :

> "Provided further that nothing in this sub-section shall apply to income from agriculture arising or accruing in a State in India from land for which any annual payment in money or in kind is made to the State."

So in British India provision is made for exempting income from agriculture in respect of land in a State for which tax is paid to that particular State. I would suggest that income arising out of land situated in British India and for which tax is paid there must be exempted from income tax in Travancore. I want a provision to this effect to be made so that our law may come into line with the British Indian enactment. Otherwise it may lead to some difficulty. Possibly also, it may lead to retaliation on the part of the British Indian Government.

My next suggestion is with regard to Clause 13. A new Section 19 AA (1) is proposed to be incorporated in the Regulation. That reads thus :—

> "When it appears to the Collector that any person may leave Travancore during the current year or shortly after its expiry and that he has no present intention of returning, the Collector may proceed to assess him on his total income for the period from the expiry of the last previous year for which he has been assessed to the probable date of his departure from Travancore".

There is no objection to the retention of the substance of the Clause. But I fear it may, in actual working, work hardship on persons

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from outside having business in Travancore. I wish to point out that if it appears to the Collector that a person may leave Travancore, the Collector may proceed under this Clause. I ask Sir, whether this is a safe and reliable provision. What I am suggesting is that a suitable change in the wording should be adopted so that it may not work hardship. As the Clause stands, it is liable to be abused and may lead to hardship.

My next suggestion is with regard to the new Clause 15. The new Clause proposes to levy income tax on the income accrued to a deceased person, in the name of the administrator or the executor of such person. There is a corresponding provision in the British Indian enactment also. I have no objection to the principle contained in the Clause. While the new Clause provides for the levy and collection of income tax in such cases, there is no provision in the Bill for giving relief by way of appeal or revision to the executor or administrator. The right of appeal, the right to get the assessment rectified, the right to move for revision are expressly granted only to the assessee and are obviously not available to the legal representative. I shall here refer to the definition of the word "assessee". 'Assessee' means a person by whom income tax is payable. It does not include the legal representative of the assessee. In effect, therefore, the administrator or other legal representative will be liable to income tax under this Clause, but he will not have the right of appeal, the right of revision or the right to get a mistake rectified under the provisions of this Bill. I want that a suitable provision should be made so that the right of appeal and other rights may be available to such representative persons as well. With these general observations I support the principle of the Bill.

SADASYA TILAKA T. K. VELU PILLAI (*Trivandrum-Urban*) : I also wish to add a few words.

PRESIDENT : The honourable member's voice is unusually low to-day.

SADASYA TILAKA T. K. VELU PILLAI (*Trivandrum-Urban*) : I was just beginning. (*Laughter.*) The advocacy of the interests of large classes will generally be entertained in favour in the modern world and the advocacy of the rights of minorities will very often meet with different treatment.

So, I do not feel that the way is very smooth when I say that I have a few words in defence of the rights of certain sections of people who are very small in number but very important in the economy of the State. From time to time the sovereigns of Travancore have recognised the immunity of certain persons and certain classes of property from the incidence of taxation. An undertaking is given by all the ruling Maharajas whether in this century or in former centuries. These prerogatives ought to be entitled to great consideration at the hands of the Legislature. Sir, the Edavagais and the Jenmis and others of the like category are considerable in number in the State. But they are represented very inadequately in the Legislature. And it

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[Sadasya Tilaka T. K. Velu Pillai.]

cannot be denied that for generations they have kept alive the torch of enlightenment in the country. If any reform is to be made in legislation, by way of remedying an evil, their views must also be ascertained. But, as a matter of propriety, especially the rights of the small number of voters should also be taken into consideration. I think this House should consider the question in a spirit of generosity, in a spirit of true loyalty. The ruling sovereigns of Travancore have recognised the rights of these minorities for some reason or other. Therefore, accepting that these reasons which weighed with them were conducive to the welfare of the State I say that their rights should not be disturbed. In Travancore, legislation was making certain changes in the law regarding the holdings of Jenmis. In 1041, there was a Royal Proclamation, in 1071, there was the Jenmi and Kudiyan Regulation and later the amendment of the Jenmi and Kudiyan Regulation. Sir, all those were confiscations of the rights of these Jenmis. But they could be upheld as being of advantage to the majority of the population and thus they can be justified. But here in this case to take money from the pockets of these few who are obliged to maintain various institutions, religious, charitable, and such like—that, Sir, would not be fair. Sir, these people who are numerically small are left to smart under the law. Another suggestion put forward in favour of the Bill was that when this Bill goes to the Select Committee and get these provisions passed, the amount of money the Government exchequer will get from these collections will be very considerable.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): May I know from the member whether it was ever the intention of the previous Maharajas that any of us should pay the incometax?

SADASYA TILAKA T. K. VELU PILLAI (*Trivandrum-Urban*): The only sober answer that I could give.....

PRESIDENT: I have not the least doubt about your sobriety.

SADASYA TILAKA T. K. VELU PILLAI (*Trivandrum-Urban*): I am one of those who believe that the intelligence and intentions of Our Maharajas are sacred and so I am not going to answer that question. Sir, my point is only this. You must see whether there is any commensurate advantage to those who are taxed. If the advantages are great this is a matter to be considered. Sir, now with regard to the super-tax in Travancore, whatever may be the optimistic views of my honourable friends who spoke for the provision, I am rather pessimistic. Sir, in Madras and other Provinces because a man makes from legal profession Rs. 30,000 a month. There such kinds of taxes are imposed. But here instead of Rs. 30,000, Rs. 2,000 is the maximum. So there is difference between conditions in Travancore and British India. I may say that I am not for raising taxation. Super-tax is excellent in principle. But I want to put this before the House that this aspect of the question may not be referred to the Select Committee to be determined.

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MR. K. M. KURIAKOSE (*Muvattupuzha II*): Sir, I want to take notice of one point in connection with this Bill. The House will remember of a cut motion moved by Mr. Kainikara Padmanabha Pillai during the last session of the Assembly to the effect that land-tax should be fixed in accordance with the income derived from land. The majority of the people of the State, if such criterion is applied will escape to pay any tax; because 90% of them are agriculturists working under a loss and unable to pay any tax. The heavy agrarian indebtedness from time immemorial will bear witness to this fact. On the other hand, the people who are really able to pay any tax to Government are the traders and merchants. That being the case the new Bill was long over-due. In schedule I A the minimum fixed for paying income tax is Rs. 2,000. Sir, if a comparison of the incomes derived from the majority of the agriculturists and that of the traders is made, it would be quite clear that this fixing of Rs. 2,000 as minimum is rather too high. I am of opinion that this standard can be still lowered and the minimum taxable income can be fixed as Rs. 1,000. There is ample justification for this. I don't wish to say that the rate of tax should be as high as 10 cash in the rupee. The House would be justified in fixing a tax on this amount of Rs. 1,000 at 5 cash in the rupee. This is a time when we are trying to find out new sources of income in order to meet our increasing demands. Our land revenue as it stands at present is the maximum and has become almost inelastic. As such, income tax is the only way open to us. All civilised countries are now depending on this source of revenue. Let us also fall in line with other countries. With these words I support the Bill.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Sir, I also rise to support the principle of this Bill. It would be conceded that the Bill has not been brought one moment too early. I think, Sir, by the delay that has been caused in giving effect to a legislation of this kind the State has lost, I must say, a substantial amount by this time. This substantial loss to our exchequer has been the gain to other Governments. We have incurred a great loss, it is true, but we are trying to rectify it. My only appeal to the House is to bring into effect this legislation as early as possible. I would even suggest that a Select Committee which goes into the question should do so at once and even the second reading can be finished without delay. Sir, it has been suggested that there is a question of minority and majority, and standing for the rights of the minority and standing for the rights of the majority. But I refuse to believe that there is any such question here except the question of the interests of the State. Sir, it should not be considered that any enlightened citizen of the State will consider the imposition of a tax for the maintenance of the State and for providing the amenities of life, to be a punishment. No citizen who has got a civic sense would feel like that. It has been pointed out as though we are going to tax all Jenmom lands. Sir, it is a misapprehension. We want the lands belonging to Jenmies which are free-holds and which do not pay any revenue or local rate, as is pointed out in Clause 2, which come under non-agricultural incomes to be assessed. Only the free-hold

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[Mr. K. Kunjukrishna Pillai]

land comes under that. Whatever that be, I may be permitted to point out that one-third of the property of whole State belongs to the Jenmies and some of them are free-hold lands. And they have been escaping the payment of any tax till now. Sir, if we look to the intention of the Maharajas of old and conclude that, because under the conditions then obtaining, some persons were exempted from paying land-tax, they must be excluded from any tax in the future—that will be a strange conclusion, a ridiculous conclusion. But my contention how can the progressive needs of civilized administration be met without new sources of revenue. Sir, that is a responsibility which this House will take upon itself, and it is their duty to consider it seriously. I cannot think of a more justifiable tax than the taxes which are proposed in this Bill. Some people think that the super-tax may not fetch much, and why should we introduce it. They say that the gain to the State treasury will be very limited. Why should it be so? The resources it is likely to lead are bound to expand. Why should we be so very pessimistic? They say that super-tax is to be levied on companies which earn large profits. The mining companies and other companies in the State make enormous profits. I think that Travancore is already in a position to impose tax on various kinds of companies and firms that are realising substantial profits. Now they are going scot free on a nominal tax, which would be considered quite ridiculous if we only tried to look into that. The question is not whether it is going to be a small gain or otherwise. The resources of our State stand in need of replenishment. We have always been demanding from the Government various concessions for the agriculturists and the tax-payers of our land and we have been asking Government to spend more and more for the development of roads and communications and other things. It is to be pointed out, that we must also help Government in the realisation of income taxes for the expenditure on nation-building activities as well. We find that the first income tax in India was introduced in 1860 and that was necessitated on account of the trade depression and the financial circumstances of the Government of India after the mutiny, and the question of enhancing it was made after the last world war. The question again was financial necessity. Sir, the question of financial necessity has to be considered very seriously and it ought not to be confused by unenlightened sentimentality. In fact, there is no question of minority and majority arising in this connection. Only those who are able to pay, only people who have a sufficient margin of profit are asked to pay to the State. Enlightened citizens will welcome it as has been suggested by my friend Mr. Karayalar. I made special reference to Mr. Karayalar, because he is a man who according to me enjoys a taxable income.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): Is the member in order, to refer to the income of the other members?

PRESIDENT: Order, order.

I presume the honourable member intended it as a compliment. (*Laughter*).

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MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I was very glad to find that he accepted the principles of this Bill and I felt that was the attitude that all people who might be subjected to the provisions of this Bill had to take. These provisions, again, can be modified in such a way that there may not be evasion. That is the question that we should consider carefully at the Select Committee stage. The possibility of evasion has to be prevented against as much as possible. I have very great pleasure in supporting the principle of the Bill. I also make a request that Government may take up this matter as urgent and will see that a Select Committee may be left in charge of this Bill and that the Bill may be brought up as early as possible. Even before this Council came, a proposal was made by Mr. V. Subba Aiyar, who was the nominated Deputy President, to levy some kind of tax on jenmom lands. He laid emphasis on all these and wanted Government to make some measure to bring under the control of Government such lands which pay no taxes.

RAO BAHADUR A. RENGASVAMI AIYAR (*Financial Secretary to Government*): I rise to explain one or two points discussed during the course of the debate. The first point is about the rate of the super-tax. The super-tax here was pitched on a lower level than the rate obtaining in British India, with a view to attract foreign capitalists in British India and elsewhere and to induce them to invest their capital in Travancore for industrial and commercial purposes. We want to offer a substantial inducement for them to do so. For some more years, I think, foreign capital will be necessary for the complete exploitation of the industrial and commercial possibilities of Travancore. Government deliberately intended to offer a substantial inducement to them to invest their capital in Travancore. It is for that purpose that the rate is proposed to be fixed somewhat lower than the rate prevalent in British India or Mysore or elsewhere. That explains the object of the lower rates of super-tax, proposed.

MR. S. CHATTANATHA KARAYALAR (*Shercotta*): May I know whether the rate is intended only as a temporary measure?

RAO BAHADUR A. RENGASVAMI AIYAR (*Financial Secretary to Government*): Not as a temporary measure. There is however nothing to prevent the rates being increased later on, if found necessary.

So, that is the reason why Government have fixed the rates of the super-tax lower than those in British India.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Does the member argue that, if we are to raise the rates as in British India, it will not be so attractive as it is now.

RAO BAHADUR A. RENGASVAMI AIYAR (*Financial Secretary to Government*): If a man has got to pay a lower tax, it is only natural that he will invest his capital in Travancore rather than say in British Malabar, so that Travancore will get the benefit of his investment.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): If that is the object, Sir, why not we do away with the super-tax altogether.

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RAO BAHADUR A RENGASVAMI AIYAR (*Financial Secretary to Government*): Sir, because we want money for revenue purposes. This is the first time that we are introducing super-tax in Travancore. Later on, we would know whether experience would justify the increase of this rate. If the financial position requires it, Government will not hesitate to increase the rates.

I have got only to meet the point raised by Mr. S. J. Nair. He said that the land revenue must be abolished altogether and that the rates should be so revised as to get the same revenue from the new Income Tax Bill. Sir, this is not practically possible. We get forty lakhs by way of land revenue. By no stretch of imagination, can we think of revising the income-tax rates to secure the same yield. Moreover, a resolution to this effect was ruled out during the budget discussion.

Then I shall proceed to notice some of the points raised by Mr. T. K. Velu Pillai. The point is, we want to relieve the burden on the poor people, and to tax only the rich people. We have even dropped the middle class people from the scope of this Bill.

MR. CHANGANACHERY K. PARAMESVARAN PILLAI (*Kunnattur cum Pattanapuram*): May I know whether at present the income tax of Jenmi and Edavagai lands is exempted from the tax?

RAO BAHADUR A. RENGASVAMI AIYAR (*Financial Secretary to Government*): I believe under the present law it is not taxable. The income derived from that land is not taxable as income tax. Probably the Income Tax Commissioner, when he rises to reply will refer to this point.

(At this stage the President left the House and the Deputy President took the Chair.)

MR. K. PADMANABHAN (*Chirayinkil I*): I may also say that the income tax law of our State stands very badly in need of revision. The defects in the income tax law of our State and the very bad need for effecting suitable modifications in the law have been brought home to this House by very many honourable members. I take it that this Bill is a response on the part of Government to satisfy the demands made by this House. Sir, the various amendments proposed in this Bill really explore new sources of income tax. To that extent I may say that this Bill has been able to satisfy some of the demands made.

Sir, we have also been complaining about the defective method adopted by income tax authorities in the matter of assessing and collecting income tax. This complaint has been completely ignored by the authorities in framing this Bill. On account of the defective method in the procedure adopted by the department in the collection of the income tax the assessee are put to serious hardship and inconvenience. In a large number of cases the appellate and revisional authorities had to interfere with and set aside the decisions of subordinate officers. I am fortified in my views by the Administration Report for the year 1110. Often they resort to summary procedure, so much so that it so happens

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that persons who are not to be assessed are assessed to income tax and persons who have assessable income are not assessed. This should engage the attention of this House and I may say that this matter is well worth looking into when this Bill goes to the Select Committee. I suggest that suitable provisions may be incorporated in this Bill to regularise or to make systematic the law and procedure in regard to the assessment and collection of taxes. With the above reservation I support the principle of the Bill.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): I also rise to support the principle of the Bill. I had no intention of speaking upon this Bill until I heard the learned Financial Secretary. Sir, the reason that he has urged for reducing the rate of super-tax is that it is only then that we would be able to attract foreign capital into our country. Sir, I am one of those who think that the tax must be in proportion to the income; and the tax-payer must be willing to pay the tax to meet the expenditure of the State. According to me there is absolutely no ground for showing any manner of concession with regard to the levy of income-tax or super-tax. Super-tax is a very legitimate form of taxation. Sir, the Financial Secretary has told us that super-tax has been fixed at a lower rate here than in British India with the idea of encouraging the industrial activities of foreigners here. I could have very well understood that argument if the provision had been made available to the industrialists of Travancore.

RAO SAHIB MAHAKAVI S. PARAMESVARA AIYAR (*Nominated*): Does that not follow?

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Sir, the idea of the Financial Secretary seems to be that we should attract foreign capital by this reduced rate of super-tax, and that after they have come and invested their capital here, some years later, the rate of super-tax must be increased.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Why not levy this tax from outsiders alone?

MR. A. S. DAMODARAN ASAN (*Mavelikara*) There is no harm in levying the tax uniformly from all people. My point is this. The Financial Secretary suggested that we should now attract foreign capital and later on enhance the rate of super-tax. If it is the rate of income-tax and super-tax that really controls the question of foreign capital coming in here, we should have had a good lot of foreign capital already in the country since we do not have any super-tax at all now. I wish to make it clear that the present Bill need not be supported on the ground that it is going to attract foreign capital.

With these words, I support the principle of the Bill.

MR. N. E. VARUGHESE (*Tiruvalla I*): Sir, I welcome the introduction of this Bill. But I would suggest that we should not rush it through in any haste. The Bill seems to have been published in the Gazette only some days back. (*Cries of louder, please.*) Many of us are not even in possession of copies of the Bill.

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DEPUTY PRESIDENT : Mr. Varughese has made an allegation which I consider important. Will the Government Benches enlighten the House on the point?

RAO BAHADUR RAJYASEVANIRATA DR. N. KUNJAN PILLAI (*Chief Secretary to Government*) : Copies of the Bill were supplied in due course as per the rules others had got it.

DEPUTY PRESIDENT : I think the Chief Secretary's words are conclusive on the point.

MR. N. E. VARUGHESE (*Tiruvalla I*) : I may assert that I got a copy of the Bill only to-day.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*) : Did he not get the copy of the Gazette to which he referred?

MR. N. E. VARUGHESE (*Tiruvalla I*) : I did not, because it was sent to my native place.

The Bill contains very important provisions. It is therefore very necessary that all the members of this House are given sufficient time and opportunity to express their opinions on the various provisions of the Bill. It has been stated that the Bill has been drafted on the lines of the British Indian Act Conditions in British India differ materially from conditions here. Therefore, the fact that this Bill has been framed on the lines of the law in force in British India cannot be a reason why the Bill can be rushed through in haste. As it is, if the Bill is referred to a Select Committee now, the opinions and criticisms of all the members of this House may not be available for the Select Committee.

There is also another aspect of the matter. Sir, Travancore is a land of charity. The motto of our Royal House is 'Charity our household divinity.' Sir, we are all proud of that. Therefore, in introducing any measure involving taxation of the people, we must be very cautious. That is another reason why I say that some more time should be given, to the public and to the members of this House, to consider the various provisions of this Bill more carefully and to express their views. I would suggest therefore that the Bill need be referred to a Select Committee only at another session of this House.

DEPUTY PRESIDENT I fear Mr Varughese is irrelevant. The question of the Bill being referred to a Select Committee is not now before the House. We are now at the question that the principle of the Bill be affirmed.

MR. N. E. VARUGHESE (*Tiruvalla I*) : I have nothing more to add, Sir.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*) : I also rise to support the principle of the Bill. Mr. Varughese and some others seem to think that the Bill contains provisions which make very drastic changes in the present Regulation. On a closer study of the Bill it will be seen that there is not one provision in the Bill which is unnecessary. We have been clamouring in this House that land-tax must be substituted by income tax. My friend Mr. Kainikkara Padmanabha Pillai on two former occasions moved resolutions to this effect.

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Therefore, a Bill to amend the Income Tax Regulation is quite welcome. And the various clauses of the Bill are very practical and quite necessary.

MR. P. C. KURIYAN (*Kottayam I*): May I know whether the principle of land-tax.....

DEPUTY PRESIDENT: I did not hear a word of what you have said; please repeat the question louder.

MR P. C. KURIYAN (*Kottayam I*): May I know whether the principle of land-tax has in any way been interfered with by this Bill?

DEPUTY PRESIDENT That question need not be answered.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Sir, it has been the practice on the part of many people to evade payment of income tax somehow or other. The present Bill seeks to change the word 'taxable' into 'total'. The word 'taxable' has been mainly responsible for the evation of payment of income tax. That change is therefore a very important and a very wholesome change.

There are also very many other important and useful changes.

Clause 19 AA is another very important provision. It is now the practice on the part of P. W. D. contractors, and others, many of them outsiders, to come here, make huge profits and run away to British India just at the time of assessment, because, under the existing law, assessment cannot be made till the financial year is over. That has been prevented by Clause 19 AA.

Again Clause 19 BB is also a very important provision. Under the present law, it is not possible to assess the income of a deceased person. Provision has been made in Clause 19 BB to assess the executor or the legal representative of a deceased person to income tax on the income of the deceased person and realise the same from the assets of the deceased.

I have a suggestion to make in this connection, Sir. Income tax will be a Federal subject and if Travancore enters into Federation, then my question will be very useful. The practice on the part of all business men is to keep their accounts in British currency, Rs. as. ps. My suggestion is that, for purposes of income tax, the Government also may adopt that currency. It will also be useful for according relief from double taxation.

Sir, this Bill has been long over-due. In the sister State of Cochin, where an Income Tax Regulation was passed only about two years ago and amended recently, they have already constituted a separate Income Tax Department. I would suggest that our Government also might consider the desirability of doing that.

With these words, I support the principle of the Bill.

MR. CHANGANACHERY K. PARAMESVARAN PILLAI (*Kunnattur* cum *Pattanapuram*): I also fully support the principle of the Bill. It was generally assumed in the discussion that the income derived from jenmom properties by the jenmies, and the income of the Edavagais are exempt from the payment of income tax. I think it is a wrong assumption. My friend Mr. Jayantan Nambootiri tells me.....

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[Changanachery K. Paramesvaran Pillai.]

(*The member then had a short personal conversation with Mr. Jayantan Nambootiri.*)

DEPUTY PRESIDENT: I object to one member taking instructions from another in the open House.

MR. CHANGANACHERY K. PARAMESVARAN PILLAI (*Kunnattur cum Pattanapuram*): He told me that income tax was being levied from Jenmie. I say that they are not exempt from income tax even to-day.

But the present Bill is contemplated to tax another class of people-namely, the tenants of jenmis, because their income will not hereafter come within the definition of agricultural income. But even that fact will not deter me from supporting this measure because what is now sought is not the assessment of these lands to land revenue but their tenants to income tax. This will affect only tenants who make more than Rs. 2,000 a year. I do not see any reason why they should not be taxed. I therefore support the measure.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Sir, this measure has, it appears, received almost universal support.

Sir, our income tax law is based on the 1918 enactment of British India. That Act has undergone several changes while we have only had one amending Regulation. After we passed the Income Tax Regulation of 1096 and the amending Regulation of 1100, a large number of amendments have been carried in British India. One of the objects of this Bill is to bring our Regulation also into line with the Act in British India and with the Regulations in force in Mysore and Cochin. In the working of our Regulation, several ambiguities and defects in wording have been noticed. One of the objects of this Bill is to remedy those defects and clear those ambiguities.

Another object is, as has been stated by the Law Member and the Financial Secretary, to increase our revenue. I believe the House will be interested to know from me the objects and reasons of some of the more important amendments. The alteration in the definition of agricultural income has been referred to. As stated by Mr. Changanachery Paramesvaran Pillai, the effect of it will be to bring under taxation the agricultural income of tenants of Edavagais and other non-tax-paying lands. He is right when he says that the tenants of Edavagais will have to pay income tax when their income is above Rs. 2,000.

MR. A. THANU PILLAI (*Trivandrum-Rural*): May I ask whether it is not a hardship to charge the agricultural income of tenants who pay tax to the Edavagais though not to the Sirkar?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): The point is that they do not pay any tax to the State. They may be paying some tax to the Edavagais. The amendment will bring in the income of such tenants also under the provisions of the Income Tax Regulation.

MR. N. E. VARUGHESE (*Tiruvalla I*): Are they not contributing to the revenues of the State by other means?

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MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): They are not contributing more than the other subjects of the State and they are not contributing anything to the State as land revenue.

MR. K. P. KRISHNA MENON (*Parur*): May I know whether Government are not assessing Edavagais to income tax?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): No, not on the lands held by tenants.

I am glad that the majority of the members of the House are agreeable to the assessment of such income.

Another important change is the provision made to bring under assessment incomes below Rs. 2,000 when the total income exceeds the limit. According to the present Section 14 and the schedule appended to the Regulation. if a man, with a total income of Rs. 2,050, is paying a premium on insurance and his taxable income falls below Rs. 2,000 thereby, he is not liable to assessment. We propose by this Bill to tax such people also. That is to say, even if a man's income falls below Rs. 2,000 because of certain permissible deductions, he will not be exempt from taxation.

There are certain other minor changes in the Bill in favour of the assessees. There is a small change in Clause 23. At present Clause 23 permits the Chief Revenue Authority to revise an order of a subordinate authority only if there is an assessment proceeding before that authority. Now we propose to drop the words 'assessment proceeding' so that any case can be brought in revision before the Chief Revenue Authority.

Apart from all these small changes, the most important changes are in the schedule and in the levy of super-tax. I believe the House will be interested to know the amount of extra revenue we expect to derive by these changes. It will be noted that no increase is proposed in respect of incomes below Rs. 15,000. The increase is on a graduated scale on incomes above Rs. 15,000.

The principle on which we have omitted lower incomes is that the revison will not give us any substantial revenue, while at the same time it wili clause hardship to the poor assessees. The limit of Rs. 2,000 was reduced in British India for a short period but was restored later on. In Mysore, the limit is Rs. 2,400 and in Cochin it is Rs. 2,000. If you bring in for assessment incomes between Rs. 1,000 and Rs. 2,000 a large number of petty traders will be assessed but that will not give any considerable addition to our revenue. I made a calculation some time ago and I find that we may not get more than Rs. 10,000, if the limit is reduced to Rs. 1,000.

Profits, according to the Income Tax Regulation, are not the actual book profits. Certain items of expenditure are not allowed by the income tax law. So, it will be found that in certain cases though the accounts might have closed with a loss, the concern will be asessable by the addition of certain items of expenditure which are not eilowable deductions. Hence in the case of smaller assessees, it will be a great hardship if we reduce the limit below Rs. 2,000.

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[Mr. K. George.]

The extra income which we may get by the revision of the rates is not very large. I have made a rough calculation—it may not be quite accurate but from the figures I have at present, I find we might get from individuals Rs. 13,000 and from companies Rs. 1 lakh and from firms Rs. 27,000, *i. e.* on the whole about Rs. 1·40 lakhs.

MR. A. THANU PILLAI (*Trivandrum-Rural*): What is the present figure?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): The present figure is in the neighbourhood of Rs. 6 lakhs. The extra income is not very big but it is something worth having. We are not raising it from poor people but only from people who are really able to pay.

Another change I want to mention here is about the assessment of companies. Formerly, the limit of Rs. 2,000 applied to companies as well. But by the present amendment, whatever be the minimum income, a company as well as a registered firm will have to pay income tax. That is in accordance with the provisions of the law elsewhere. Of course the individual assessees who are shareholders of the companies or members of the firms are eligible to get refunds on their respective incomes. So there will be very little hardship.

The House adjourned for lunch at 1 P. M. and met again at 2 P. M. with the Deputy President in the Chair.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): The last point I have to refer to is about the proposal to levy super-tax. The principle of levying super-tax on large incomes above Rs. 50,000 has been generally accepted. But the question has been asked why we have fixed a lower rate than in British India. In British India the super-tax rate on companies is one anna in the ruppee for every excess over Rs. 50,000. Here it is one chuckram. We have also proposed graduated rate of super-tax from individuals, undivided Hindu families and unregistered firms. So far as these latter class of people are concerned I do not expect there would be any case of assessable income in Travancore. But in the case of companies there will be a few which will come under super-tax.

One important reason which weighed with the Government in not imposing the same rate as in British India was this. In the case of companies, which alone would be liable to super-tax, we have by the revision of the schedule increased the ordinary rate of income tax by fifty per cent. At present the companies pay income tax only at the rate of chs. 2 in the rupee, but in the revised schedule it has been raised to chs. 3 per rupee. In addition to that, an imposition of super-tax at the British Indian rate all at once would be an undue burden. Further, although there is super-tax in British India and Mysore, the Cochin State, which recently increased the ordinary income tax rate under the schedule has not imposed super-tax. Taking all these things into consideration, Government thought that it would not be advisable to impose the higher rate of income tax and super-tax prevailing in British India. I may mention that the amount of income that we may

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expect from super-tax would not be very much. According to present calculations it would roughlly come to half a lakh. I expect that about Rs. 5,000 may be realised from individuals and Rs. 45,000 from companies. This is the present estimate so far as super-tax is concerned.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): May I know from the member what extra cost will be necessary for the collection of this tax?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): The present staff will be able to cope with the work.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): What about the grant of relief to people who get a marginal income?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): There is such an arrangement in British India. But that is a matter which I think may be considered at the Select Committee.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether the *jenmikaram* now collected by Government on behalf of jenmis will come under the present law for assessment?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): I must examine that question. It is not free from doubt, because *jenmikaram* is a new kind of receipt by the Jenmis. The question is whether it is rent or revenue derived from land which pays tax to Government.

MR. A. THANU PILLAI (*Trivandrum—Rural*): May I know whether the existing law can affect the Edavagais in respect of their income?

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): Incomes derived from the *thanathu* lands cannot be assessed; but incomes that a tenant gets from the property of *edavagais* can be assessed.

MR. A. THANU PILLAI (*Trivandrum-Rural*): May I know why the income derived from an Edavagai is excluded under the present law?

MR. K. GEORGE (*Land Revenue and Income-tax Commissioner*): The present law exempts all incomes from land used for agriculture whether they pay revenue to Government or not.

MR. A. THANU PILLAI (*Trivandrnm Rural*): In respect of Edavagai incomes, may I know whether it is considered as income derived by agriculture or as rent under Section 2, clause (1)?

MR K. GEORGE (*Land Revenue and Incom' Tax Commissioner*): The difference would be this. So far as the Edavagai Chief is concerned, if he cultivates the land and gets an income from it, that is not subject to assessment. If he gives the land to a tenant and gets rent, then that income is assessable.

MR. T. P. VELAYUDHAN PILLAI (*Tiruvalla III*): May I know whether the member is aware of a decision by the honourable High Court in the case in which the Edavagai Chief was one of the parties, that all incomes derived from the free-hold land are liable to assessment according to the Income Tax Regulation?

MR. K. GEORGE (*Land Revenue and Income-Tax Commissioner*): I am not aware.

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MR. A. THANU PILLAI (*Trivandrum—Rural*): Sir, the change sought to be made in the Bill by the definition of agricultural income does not appear to me beyond controversy. Hitherto, any income derived from any land in Travancore by agriculture was exempted from payment of income tax. Now in the clause in Section 2, the change proposed to be made is "such lands as is referred to in clause.....and is situate in Travancore" be substituted for the words "lands in Travancore". This change in the definition leads to this result. The land-holders in the Edavagai who have hitherto been exempt from payment of income tax in respect of their income from their holdings in those Edavagais, are hereafter going to be assessed in case their income is above Rs. 2,000. To me it appears that it will be a very inequitable arrangement. If we proceed purely on the basis that income from any land which is not subject to land-tax, that is tax to Sirkar, should be exempt, then it is all right. What is the basis of that exemption that is what we have to consider? In the case of *pandarapattom* land, the land-holder, whatever may be his income, is exempted from payment of any tax so long as he holds land subject to Sirkar assessment. Now, Sir, in Edavagai the holder is in possession of lands not because of any peculiar circumstances beyond the pure fact that he happens to be an inhabitant and owner of land in such Edavagai. When once he is under an obligation to pay rent-you may call it whatever name-in fact we know it is the rent due to the Edavagai Chief. That rent takes the place of Sirkar tax in the case of *pandarapattom* lands. If it is the object of the Legislature not to encumber the agriculturist with too heavy burdens, in other words, if it is the object of the Legislature to see that the agriculturist is not subjected to a burden which he may not bear, that is to say, if he pays land-tax in respect of holdings, he should not be burdened with another tax at the same time. If that is the object and if that is rooted in the desire to help the agriculturist to carry on his livelihood, to carry on his agriculture and earn a living by agriculture, then, I submit that it is for the serious consideration of the House whether it is desirable that the the Edavagai tenant should again be assessed to income tax. I see no justification for that course. Of course I can understand the fact that the tenants of an Edavagai are not contributing anything to the State coffers. But that is due to peculiar circumstances. They are contributing to the coffers of somebody in the place of the Sirkar. That is a fact which could not be ignored. Naturally we should assess those that are in receipt of rent from these land-holders. There must be some equitable arrangement by which the income from Edavagais may contribute a portion to State coffers. That is another matter. But so long as it is not possible and practicable owing to peculiar circumstances-because, the Edavagai chiefs are the proprietors of lands in Edavagis and are entitled to receive rent that would otherwise have gone to the Sirkar-so long as that is the position, I think that we should think twice before we think of subjecting these tenants to double taxation in the manner sought to be done by a change in the income tax law. Therefore I think the Select Committee should certainly consider this matter in

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detail and give up the idea if it is objectionable. It should not be taken that because we approve of the general scheme of the amending Bill the power of the Select Committee is concluded. The Select Committee must be in a position to reopen the question because it is an all-important point. This is not the first time I understand such a matter is being considered by the Legislature. The same question was considered once before and that position was given up. Because justice was on the side of the tenant. I can understand that a fairly good income may come to the State coffers if this is adopted. There may be rubber estates and other valuable estates in areas where land is not subject to Sirkar assessment. But that is another matter. There may be proprietors of rubber estates who do not pay to the State coffers as much as they ought to. But the Legislature must device suitable remedies to get over that situation. And, if it is equitable to compel them to pay to the State coffers we must device appropriate means. This would involve a large number of ordinary tenants in difficulties to which the Legislature will not be justified. So this is one of the points that I wanted to place for the consideration of the House.

As for the super-tax, of course it is a means of adding to the State revenue without doing any substantial harm to anybody. As for the statement of the Financial Secretary that it was to draw capital from outside that the rate was reduced from what is obtained elsewhere, I must certainly disclaim all association with him. He made the statement that we have succeeded in drawing enough capital and so we thought of reducing the rates. I never expected such a statement from the Government member. The non-official side dissociate from that view taken by him

The Bill deals with a number of matters relating to procedure. All that will have to be gone into in detail in the Select Committee. Several matters may have to be accepted, several modified and several even rejected. For instance, in regard to appeals I find one provision where in it is stated that in case the assessee was not able to furnish the method method of his income there will not be any appeal at all.

MR. K. GEORGE (*Land Revenue and Income Tax Commissioner*): There is a provision under which he can get remittance from the Collector.

MR. A. THANU PILLAI (*Trivandrum—Rural*): Under the existing Regulation an appeal is provided for if the Collector refuses it. Under the proposed law there is no provision like that. That is a great hardship. I am not going to deal with that in detail. I think sufficient and proper changes will have to be made. Those are matters of detail. With these words I support the principle of the Bill.

MR. S. NILAKANTA PILLAI (*Chirayinkil II*): Sir, after going through the Bill I was in a doubt as to whether the tenants of Edavagai will be assessed to income tax over and above the tax that they have to pay. Mr. Changanachery Parameswaran Pillai made pointed reference to that in his speech and after hearing the speech of the Land Revenue Commissioner the fact is made clear that Clause II will

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[Mr. S. Nilakanta Pillai.]

enable the Government to assess the tenants of Edavagai to income tax over and above the tax that they have to pay to the Chief. Sir, this, I submit, is a great hardship and not fair. In the case of owners of *Pandaravaga* lands they have to pay only one tax. They are not assessed to income tax if their income comes to Rs. 2,000 or exceeds that. I take very serious objection to this provision in the capacity of the representative of one of the Edavagais, *viz.*, Kilimanur. I object to the Bill to the extent that it seeks to impose income tax on the tenants of Edavagai. I think the Select Committee which is going to be formed must consider this aspect of the matter very seriously and so alter the Clause as not to assess the tenants of Edavagai to income tax.

I also take objection to Clause 16 which says that the right of appeal shall not be available to those who fail to comply with the preliminary notice of assessment. Sometimes it may be that certain people may not be aware of the notice. I know certain instances where the assessees were not informed of the preliminary notice. When the assessees came to know of the assessment they preferred appeals against the orders of the Tahsildar and their appeals were allowed; and it is not fair to take away the right of appeal. If Clause 16 is allowed to stand it will work great hardship. So, I take objection to it. I generally support the principle of the Bill.

MR. T. S. JAYANTAN NAMBOOTIRI (*Travancore Jennies, North*): സർ, ജന്മിക്കരം കടിശികയാക്കുടി ഇവിടെ ആലോചിച്ചിരിക്കുന്ന ആദായനികുതിബില്ലിന്റെ പരിധിയിൽ ഉൾപ്പെടുമോ എന്ന ഒരു ചോദ്യത്തിന് സമാധാനമായി ലാൻഡ്റവന്യൂ കമ്മീഷണർ പറഞ്ഞതു അതിനു ശരിയായ ഉത്തരം ഇപ്പോൾ പറയുവാൻ നിവൃത്തിയില്ലെന്നാണ്. ജന്മിക്കരം കൂടി ഇതിന്റെ പരിധിയിൽ കൊണ്ടുവരുന്നതുകൊണ്ടു ജന്മിമാർക്ക് വളരെ ദോഷമുണ്ടാകും. സർക്കാർകരം കൊടുത്ത വസ്തുക്കളിൽനിന്നുമുള്ള ആദായമാണ് ജന്മിക്കരം. അതുകൊണ്ടു ആദായനികുതി റഗുലേഷനിൽ അതൊരിക്കലും ഉൾപ്പെടുത്താൻ പാടില്ല. അതുപോലെതന്നെ അവ്യക്തമായ ചില വകുപ്പുകളും ഇതിലുണ്ട്. അതു ദുർവ്യാഖ്യാനത്തിനിടവരുന്നുവെങ്കിൽ അതും ന്യൂനപക്ഷക്കാർക്ക വലിയ ദോഷത്തെ ഉണ്ടാക്കും. ന്യൂനപക്ഷക്കാരുടെ അവകാശങ്ങളേയും രക്ഷകളേയും സംരക്ഷിക്കേണ്ട ചുമതലയേപ്പറ്റി ഇന്നുരാവിലെ ഡെപ്യൂട്ടി പ്രസിഡൻറവർകൾ പറഞ്ഞ അഭിപ്രായത്തോടുകൂടി ഞാൻ പൂർണ്ണമായി യോജിക്കയും, ന്യൂനപക്ഷത്തിന്റെ രക്ഷയെ കരുതി വേണ്ട വ്യവസ്ഥകൾ ചെയ്യണമെന്ന അഭിപ്രായപ്പെടുകയും ചെയ്തുകൊള്ളുന്നു.

MR. P. C. KURIYAN (*Kottayam I*): Sir, I support the principle of the Bill. (*cries of louder, pleuse*). I appeal to the House that I am not well.

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DEPUTY PRESIDENT: If the member is agreeable I am prepared to advise that he is not bound to speak.

MR. P. C. KURIYAN (*Kottayam I*): Sir, I welcome this amending Bill and while supporting the general principles of the Bill I wish to speak a few words about the treatment the Edavagai tenants are going to get by this Bill. Sir, it is an accepted principle of this State not to assess income from land and if this principle is to be departed from, there must be very strong reasons for doing so. It has been argued that as Edavagai tenants are not paying any tax to the Sirkar, it is only fair that they also should be made to contribute their quota to the State coffers. It may be a fact that they are not really paying anything direct to the Sirkar, but the fact cannot be overlooked that they are really paying rent or tax to their Jenmi or Edavagai chief as the case may be, and it should also be borne in mind that if they are paying tax only to the Edavagais and not to the Chief they do not do so at their own instance. If anybody is responsible for their so doing it is the State and State alone, and it is not for the State to turn round and tell them that because you are not paying us tax directly we are going to tax even at the sacrifice of some of the well established canons of taxation. Moreover, though they are Edavagai tenants, they are also like any one else, citizens of Travancore and *bonafide* subjects of His Highness the Maharaja and as such they are also entitled to get the sort of treatment as any other citizen of this State.

Sir, if it is an attempt to make the rubber and tea plantations pay a portion of their income to the State, it should be achieved by entirely different methods We could bring a Bill for that purpose affecting all the plantations in the State whether they were Edavagai lands or not. With these words I resume my seat.

MR. R. RAMAN PILLAI (*Changanachery* cum *Peermade II*): May I know why rubber and tea are to be considered separately from other matters?

DEPUTY PRESIDENT: He takes a particular view.

MR. R. RAMAN PILLAI (*Changanachery* cum *Peermade II*): I wish to know the reason if he is prepared to do so.

DEPUTY PRESIDENT: If he is prepared he can say that. He is not prepared.

MR. R. RAMAN PILLAI (*Changanachery* cum *Peermade II*): Sir, I support the principles of the Bill. In order to avoid repetition I may say that I support entirely Mr. Krishna Pillai with regard to super-tax and Mr. Thanu Pillai as regards income tax on Edavagai properties. As regards the honourable member for Trivandrum Municipality who said that Jenmis should not be taxed, I am sorry to say that I disagree with him.

MR. K. PADMANABHAN (*Chirayinkil I*): May I know the name of the member who represents the Trivandrum Municipality?

DEPUTY PRESIDENT: That does not arise. (*Laughter*). Each member of this House has got a duty to the member representing a particular constituency.

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MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, the Bill has received a large volume of support and I do not think it is necessary to detain the House with attempting to reply to any of the criticisms made on it. If the House accept the principle of the Bill, a Committee may examine it in detail.

The question that the principle of the Bill be affirmed was then put and carried.

The Secretary to the Assembly then read the title of the Bill as "A Bill further to amend the Travancore Income Tax Regulation, VIII of 1096, as amended by Regulation, V of 1100."

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I move that the Bill be referred to a Select Committee consisting of—

Messrs:

1. T. K. Velu Pillai
2. A. Thanu Pillai
3. A. Rengasvami Aiyar
4. K. C. Karunakaran.
5. Antony George
6. J. W. Tolson
7. Pottayil, S. Krishna Panickar
8. K. M. Kuriakose
9. S. J. Nair
10. A. S. Damodaran Asan
11. T. P. Velayudhan Pillai
12. K. Mahomed
13. Menatheri N. Kesava Panickar
14. S. Chattanatha Karayalar
15. Narayanan Bhattatiripad and
16. John Joseph

The Committee is to report within four months.

MR. C. V. CHANDRASEKHARAN (*Ag. Diector of Public Instruction*): I second it.

MR. R. RAMAN PILLAI (*Changanachery* cum *Peermade*): I suggest that a member representing the Jenmis may also be included.

MR. S. J. NAIR (*Nedumangad*): I propose that Mr. Jayanthan Nambootiripad may also be included.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): I second it.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I have already got the names of 16 members. I cannot have more. It may be put to the vote of the House.

MR. S. J. NAIR (*Nedumangad*): Then I do not press it.

The motion, by leave, was withdrawn. The motion of Mr. Kayalam Paramesvaran Pillai was then put and carried.

MR. N. E. VARUGHESE (*Tiruvalla I*): Sir, I move that somebody to represent the tenants of an Edavagi is also added.

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DEPUTY PRESIDENT : I rule that what Mr. Varughese says is quite out of order, for while it is open to every member of the House to propose any individual member, a vague suggestion that a member representing somebody is no motion before the House. Mr. Varughese is so entirely out of order.

THE TRAVANCORE SURVEY AND BOUNDARIES REGULATION (AMENDMENT) BILL.

Clause I.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Sir, I beg to move the following amendment :—

"In Clause I, sub-clause (1) "1112" may be substituted for "1110""

Sir, this Bill was passed in the Sri Chitra State Council in 1110 and was expected that it will become law also in 1110. That is why it is called Travancore Survey and Boundaries Regulation (Amendment) Bill of 1110. Now we are in 1112 and so it is only right that the short title should agree to the date in which the Regulation was passed.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*) : I second the motion.

The motion was carried.

Clause I as amended was added to the Bill.

Clause II.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Sir, I beg to move the following amendment :—

"In Clause II, under Section 34 (2) delete the portion beginning with "but" in line 4 and ending with "Survey mark" in line 6 and insert the words "where such mark or object has been proved to be erected or placed by the accused" between the words "and" and "recover" in line 8.

The object of this Amendment Bill is to have a provision for punishing persons who erect any counterfeit survey mark and to give power to courts to remove such survey marks. For that, it is stated that a prosecution may be launched by a complaint by the Tahsildar or by a complaint filed with the sanction of the Tahsildar. In sub-clause I it is stated that "whoever erects or places any mark or object which is not a survey mark intending or knowing it to be likely that such mark or object may be understood or believed to be a survey mark shall, on conviction, be punishable with fine which may extend to one hundred rupees." In order to convict the accused there must be an act accompanied with intention or knowledge. If the act is not accompanied by intention or knowledge there is no offence. Sub-clause (2) provides for cases in which the accused is not convicted. The accused will be acquitted in cases in which the act is not proved to be intentional and also in cases in which there is no proof even as regards the act against the accused. Even in those cases sub-clause (2) says that power must be left with the court to remove such survey mark and recover the cost from the accused. My objection to the Clause as it stands is this. The first part of my amendment relates to the deletion of the portion beginning with "but "and closing with " survey mark" and it will be found that under the present Bill even though the court

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